

**PX 63**

## Message

**From:** David Schwartz [REDACTED@gmail.com]  
**Sent:** 6/10/2013 5:36:55 PM  
**To:** [REDACTED]  
**CC:** Patrick Griffin [Patrick Griffin [REDACTED]@ripple.com]>  
**Subject:** Introduction

[REDACTED]

My name is David Schwartz. I'm [REDACTED]'s brother and she passed your contact information on to me. I'm the Chief Cryptographer of OpenCoin, the company behind the Ripple payment system. Patrick Griffin is our EVP of Business Development.

I'm not sure how much you know about Ripple, but the basic idea is that it's a Bitcoin-like system (no central authorities required, transactions are pseudonymous and cryptographically signed) but it permits the holding and exchanging of arbitrary assets.

An asset is essentially a debt instrument denominated in some kind of currency. So an asset can be "Bitstamp owes me \$1". This has a risk element, Bitstamp might go out of business and fail to redeem that \$1. But it has a utility element too -- I can easily trade this for other assets or transfer ownership of it on the Ripple network. The idea is that, to make things easier for everyone, so long as the issuer is considered extremely reliable, people will pretend the risk and convenience cancel out and treat the asset as essentially worth its face value. (The system doesn't rely on this, but it makes things easier for everyone.)

Where the economics comes in is the internal currency the system has, called XRP or "ripples". Ripples are like Bitcoins. On the ripple network, they are the only asset that has no counter-party. XRP on the Ripple network behaves like Bitcoins on the Bitcoin network. There were 100 billion XRP created with the network and no more can ever be created.

Because Ripple doesn't use mining (double spends are prevented by a distributed consensus protocol), all the XRP were initially controlled by the Ripple network founders. Some of those will be held by OpenCoin to finance itself and some of them will be given away to promote the payment network. We believe that adoption of the payment network will increase the value of XRP because the easiest way to make an asset liquid is to provide liquidity to and from XRP and people who don't know what asset they might need may hold XRP.

A big issue we have is that we basically need to set "monetary policy" in the way we give away and sell XRP. We would like to find an economics professor or graduate student willing to help us model the short and long-term release of XRP into the market. This could be a project that turns into a permanent position.

We were hoping you could point us in the right direction.

David Schwartz  
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